Claims

1. Apparatus for controlling a loan option, the apparatus comprising:

a computer programmed for receiving information into a memory defining specifications for an option on a loan, the specifications including a trigger for executing the option, evaluating the trigger, and if the trigger occurs, signaling execution of the option.

2. The apparatus of claim 1, wherein the computer is programmed for executing the option, if the trigger occurs.

3. The apparatus of claim 1, wherein the trigger is an interest rate for a lock for a mortgage according to the option.

4. The apparatus of claim 3, wherein the interest rate trigger is a floor.

5. The apparatus of claim 3, wherein the interest rate trigger is a ceiling.

6. The apparatus of claim 3, wherein the interest rate trigger comprises a floor and a ceiling.

7. A computer program product having computer code stored thereon, which when run on a computer causes the computer to:

receive information into a memory defining specifications for the option on the loan, the specifications including a trigger for executing the option,

evaluate the trigger, and

if the trigger occurs, signal execution of the option.

8. A system controlling execution of an option on a loan, the system including:

a plurality of computers programmed to cooperate to effectuate an option on a loan, wherein one of the computers is programmed for carrying out the steps of receiving information into a memory defining specifications for the option on the loan, the specifications including a trigger for executing the option, evaluating the

trigger, and if the trigger occurs, transmitting a communication signaling execution of the option to another of the computers to control closing of the loan.

9. A computer-readable medium tangibly embodying a program of instructions executable by a computer to perform the steps of receiving information into a memory defining specifications for the option on the loan, the specifications including a trigger for executing the option, evaluating the trigger, and if the trigger occurs, signaling execution of the option.

10. A computer-aided method for carrying out an option on a loan, the method including the steps of:

receiving information into a memory specifications defining the option on the loan, the specifications including a trigger for executing the option;

evaluating the trigger with a computer accessing further data; and

if the trigger is detected, signaling execution of the option.

11. The method of claim 10, wherein the step of receiving is carried out with the trigger being an interest rate for a lock for a mortgage.

12. The method of claim 11, wherein the step of receiving is carried out with the interest rate trigger being a floor.

13. The method of claim 11, wherein the step of receiving is carried out with the interest rate trigger being a ceiling.

14. The method of claim 11, wherein the step of receiving is carried out with the interest rate trigger being comprised of a floor and a ceiling.

15. A system for carrying out a loan option, the system comprising:

a plurality of computers controlled by respective programs, the computers arranged to communicate data structured to identify an option on a loan; and

means for effectuating the option to control closing of the loan.

16. The system of claim 15, further including means for computing a secondary market characteristic related to the option.

17. A computer system for implementing a loan, the system including:

a database of data relating to mortgage loan applications, the database including an indicator of an application status other than a lock status and a float status; and

a program accessing the database to analyze the status information in carrying out closings of some of the loans.

18. The computer system of claim 17, wherein the indicator indicates an option status.

19. The computer system of claim 17, wherein the program uses shock analysis on said application status loan applications.

20. The computer system of claim 18, wherein said database includes one or both of a floor and a ceiling in association with said option status.

21. A template for associating data indicating a price lock with data indicating a customer identity, the template comprising:

- a first data field configured to receive an entry of data indicating a future lock-triggering price for a contemplated transaction;
- a prompt soliciting a potential customer to enter data indicating a future lock-triggering price in the first field; and
- a second field configured to receive an entry of data indicating the identity of a potential customer contemplating the transaction.

22. A data structure comprising:

- data indicating a future lock-triggering price for a contemplated transaction; and
- data indicating a potential customer associated with the contemplated transaction.

23. The data structure of claim 22, recorded on a computer readable medium.

24. A data structure comprising:

- data indicating a desired future lock-triggering price for one or more contemplated transactions; and

- data indicating the monetary value of the one or more contemplated transactions.

25. A database recorded on a computer readable medium, the database comprising a multiplicity of records, at least one of the records comprising:

- a desired future lock-triggering price for a contemplated transaction; and
- a monetary value representing the scale of the contemplated transaction.

26. A computer system programmed for:

- eliciting information regarding a potential customer who contemplates carrying out a financial transaction;
- eliciting a future lock-triggering price contemplated by the customer for the financial transaction;
- determining whether the lock-triggering price is available; and
- if and when the lock-triggering price becomes available, communicating that the lock has been triggered.

27. The computer system of claim 26, further programmed for evaluating the information and lock-triggering price to determine whether the financial transaction is acceptable to a seller that contemplates participating in the financial transaction.

28. A computer system programmed for:

- eliciting information regarding a potential customer who contemplates carrying out a financial transaction;
- eliciting a future lock-triggering price contemplated by the potential customer for the financial transaction; and

- communicating the future lock-triggering price to a potential supplier of the financial transaction.

29. A data structure comprising a database of records, each record constituting data documenting a pending loan application, the data structure defining a pool of pending loan applications, each configured for backing a loan-backed security, wherein at least one application in the pool identifies a future lock-triggering price at which the loan will be locked if the triggering price becomes available.

30. A computer system comprising the database of claim 25 and a computer processor programmed for:

- reading the associated lock-triggering prices in the database,
- searching for prices offered by sellers of the transactions corresponding to the lock-triggering prices,
- when a price offered by a seller of the transactions corresponding to one or more of the lock-triggering prices is located, updating the records in the database to indicate that the rate is locked.

31. A self-executing price lock agreement usable by a buyer and seller to establish the price of a future transaction that has a fluctuating market price, comprising:

- a provision specifying a future lock-triggering price for the transaction; and
- a provision that the seller automatically agrees to accept the specified future lock-triggering price as the negotiated price of the future transaction, if in the future the market price reaches the future lock-triggering price.

32. A method for establishing a price lock for a future transaction subject to market price fluctuations, the method comprising:

- establishing a future lock-triggering price and a lock price for the transaction, wherein the lock price is the same as or different from the future lock-triggering price;
- agreeing that if in the future the market price for the transaction reaches the future lock-triggering price, the price for the transaction shall be the lock price.

33. A machine for establishing a price lock for a future transaction subject to market price fluctuations, the machine comprising:

- means for establishing a future lock-triggering price for the transaction;
- means for determining in the future whether the market price for the transaction has reached the future lock-triggering price, and
- means responsive to the determining means for communicating that the market price for the transaction has reached the future lock-triggering price.

34. A machine for establishing a price lock for a future transaction subject to market price fluctuations, the machine comprising:

- a data field for entering a future lock-triggering price for the transaction;
- a market price monitor programmed for determining in the future whether the market price for the transaction has reached the future lock-triggering price, and
- an output for communicating data indicating that the market price for the transaction has reached the future lock-triggering price.

35. A method for implementing a future rate lock for a financial transaction that has a market rate, the method comprising:

- providing a digital computer apparatus comprising a processor for receiving input data, processing the input data to produce output data, and outputting the output data; a memory operatively connected to the processor for storing and retrieving machine-readable data input to and output from the processor; and a program operatively connected to the processor to form circuitry in the processor for controlling the processor to receive the input data and to produce and store in the memory the output data;
- inputting data to the processor identifying the customer and a proposed future triggering rate which the customer proposes to lock in if the market rate reaches the proposed triggering rate;
- inputting data to the processor identifying the current market rate at which the financial transaction is being undertaken;
- comparing with the processor the proposed future triggering rate to the current market rate; and
- if the current market rate reaches the future triggering rate, the processor generating as output data in the memory a record indicating that the proposed future triggering rate has been locked.

36. A method for calculating risk exposure resulting from accepting a portfolio of future rate locks for financial transactions triggered by the market reaching a predetermined trigger rate, the method comprising:

- providing a digital computer apparatus comprising a processor for receiving input data, processing the input data to produce output data, and outputting the output data; a memory operatively connected to the processor for storing and retrieving machine-readable data input to and output from the processor; and a program operatively connected to the processor to form circuitry in

the processor for controlling the processor to receive the input data and to produce and store in the memory the output data;

- inputting to the processor the gross volume of loans in a portfolio locked in at a particular lock rate;
- inputting to the processor a pull through rate for the portfolio;
- computing with the processor the product of the gross volume of loans and the pull through rate, thus determining the estimated net volume of loans that will be closed at the particular lock rate; and
- outputting to the memory the estimated net volume of loans that will be closed at the particular lock rate.

37. A method for hedging the risk exposure resulting from accepting a portfolio of future rate locks for financial transactions triggered by the market reaching a predetermined trigger rate, the method comprising:

- providing a digital computer apparatus comprising a processor for receiving input data, processing the input data to produce output data, and outputting the output data; a memory operatively connected to the processor for storing and retrieving machine-readable data input to and output from the processor; and a program operatively connected to the processor to form circuitry in the processor for controlling the processor to receive the input data and to produce and store in the memory the output data;
- inputting to the processor the estimated net volume of loans in a portfolio that will be closed at a particular lock rate;
- inputting to the processor the volume of loans that are fully hedged;
- computing with the processor the difference between the net volume of loans that will be closed and the volume of loans that are fully hedged, producing as output data the amount of hedging transactions to properly hedge the portfolio; and
- storing the output data in the memory.

38. A computer-aided method for producing an asset-backed security backed by a multiplicity of loans, the loans being defined by agreements between a multiplicity of borrowers and at least one loan provider, the method comprising:

A. storing in a computer memory a data structure recording a multiplicity of loans undertaken by a multiplicity of borrowers and at least one loan provider, the data structure including for at least one loan data corresponding to an automatic lock-triggering price agreed to govern the price of the loan if a defined market price reaches the lock-triggering price under the terms of the loan;

B. updating the data structure to identify closed loans;

C. identifying a set of multiple closed loans recorded in the data structure that are qualified to back a loan-backed security; and

D. forming a loan-backed security by preparing documentation operatively associating the set of multiple loans with the security as the backing for the security.

39. The method of claim 38, further comprising comparing data in the data structure relating to the lock-triggering prices of loans to at least one market price, to determine for each loan being compared whether the market price has reached a lock-triggering price under the terms of the loan, thereby locking the loan.

40. The method of claim 38, further comprising entering data in the data structure recording which loans in the data structure are locked.

41. The method of claim 38, further comprising selling the security to a buyer.

42. The method of claim 38, wherein the set of loans identified includes at least one loan subject to an automatic lock-triggering price.

43. The method of claim 38, wherein the set of loans identified includes at least one loan closed at an automatic lock-triggering price of the loan.

44. A computer-aided method for producing an asset-backed security backed by a multiplicity of loans, the loans being defined by agreements between a multiplicity of borrowers and at least one loan provider, the method comprising:

A. storing in a computer memory a data structure recording a multiplicity of loans undertaken by a multiplicity of borrowers and at least one loan provider, at least one the loan having an automatic lock-triggering price agreed to govern the price of the loan if a defined market price reaches the lock-triggering price under the terms of the loan;

B. updating the data structure to identify closed loans;

C. identifying a set of multiple closed loans recorded in the data structure that are qualified to back a loan-backed security; and

D. forming a loan-backed security by preparing documentation operatively associating the set of multiple loans with the security as the backing for the security.

45. A computer-aided method for producing an asset-backed security backed by a multiplicity of loans, the loans being defined by agreements between a multiplicity of borrowers and at least one loan provider, the method comprising:

A. storing in a computer memory a data structure recording a multiplicity of loans undertaken by a multiplicity of borrowers and at least one loan provider, at least one the loan having an automatic lock-triggering price agreed to govern the price of the loan if a defined market price reaches the lock-triggering price under the terms of the loan;

B. updating the data structure to identify closed loans;